



General Assembly

January Session, 2007

Amendment

LCO No. 8192

SB0148308192SR0

Offered by:

SEN. FREEDMAN, 26th Dist.

To: Senate Bill No. 1483

File No.

Cal. No.

(As Amended)

"AN ACT CONCERNING REVENUES FROM THE CIGARETTE TAX."

1 Strike sections 6 and 16 in their entirety and renumber sections and
2 internal references accordingly.

3 After the last section, add the following and renumber sections and
4 internal references accordingly:

5 "Sec. 501. Section 12-391 of the general statutes is repealed and the
6 following is substituted in lieu thereof (*Effective July 1, 2007, and*
7 *applicable to the estates of decedents who die on or after January 1, 2007*):

8 (a) With respect to estates of decedents who die prior to January 1,
9 2005, and except as otherwise provided in section 59 of public act 03-1
10 of the June 30 special session*, a tax is imposed upon the transfer of the
11 estate of each person who at the time of death was a resident of this
12 state. The amount of the tax shall be the amount of the federal credit

13 allowable for estate, inheritance, legacy and succession taxes paid to
14 any state or the District of Columbia under the provisions of the
15 federal internal revenue code in force at the date of such decedent's
16 death in respect to any property owned by such decedent or subject to
17 such taxes as part of or in connection with the estate of such decedent.
18 If real or tangible personal property of such decedent is located outside
19 of this state and is subject to estate, inheritance, legacy, or succession
20 taxes by any state or states, other than the state of Connecticut, or by
21 the District of Columbia for which such federal credit is allowable, the
22 amount of tax due under this section shall be reduced by the lesser of:
23 (1) The amount of any such taxes paid to such other state or states or
24 said district and allowed as a credit against the federal estate tax; or (2)
25 an amount computed by multiplying such federal credit by a fraction,
26 (A) the numerator of which is the value of that part of the decedent's
27 gross estate over which such other state or states or said district have
28 jurisdiction for estate tax purposes to the same extent to which this
29 state would assert jurisdiction for estate tax purposes under this
30 chapter with respect to the residents of such other state or states or
31 said district, and (B) the denominator of which is the value of the
32 decedent's gross estate. Property of a resident estate over which this
33 state has jurisdiction for estate tax purposes includes real property
34 situated in this state, tangible personal property having an actual situs
35 in this state, and intangible personal property owned by the decedent,
36 regardless of where it is located. The amount of any estate tax imposed
37 under this subsection shall also be reduced, but not below zero, by the
38 amount of any tax that is imposed under chapter 216 and that is
39 actually paid to this state.

40 (b) With respect to the estates of decedents who die prior to January
41 1, 2005, and except as otherwise provided in section 59 of public act 03-
42 1 of the June 30 special session*, a tax is imposed upon the transfer of
43 the estate of each person who at the time of death was a nonresident of
44 this state, the amount of which shall be computed by multiplying (1)
45 the federal credit allowable for estate, inheritance, legacy, and
46 succession taxes paid to any state or states or the District of Columbia

47 under the provisions of the federal internal revenue code in force at the
48 date of such decedent's death in respect to any property owned by
49 such decedent or subject to such taxes as a part of or in connection
50 with the estate of such decedent by (2) a fraction, (A) the numerator of
51 which is the value of that part of the decedent's gross estate over which
52 this state has jurisdiction for estate tax purposes and (B) the
53 denominator of which is the value of the decedent's gross estate.
54 Property of a nonresident estate over which this state has jurisdiction
55 for estate tax purposes includes real property situated in this state and
56 tangible personal property having an actual situs in this state. The
57 amount of any estate tax imposed under this subsection shall also be
58 reduced, but not below zero, by the amount of any tax that is imposed
59 under chapter 216 and that is actually paid to this state.

60 (c) For purposes of this section:

61 (1) "Connecticut taxable estate" means (A) the gross estate less
62 allowable deductions, as determined under Chapter 11 of the Internal
63 Revenue Code, plus (B) the aggregate amount of all Connecticut
64 taxable gifts, as defined in section 12-643, made by the decedent for all
65 calendar years beginning on or after January 1, 2005, but prior to
66 January 1, 2007. The deduction for state death taxes paid under Section
67 2058 of said code shall be disregarded.

68 (2) "Internal Revenue Code" means the Internal Revenue Code of
69 1986, or any subsequent corresponding internal revenue code of the
70 United States, as from time to time amended, except in the event of
71 repeal of the federal estate tax, then all references to the Internal
72 Revenue Code in this section shall mean the Internal Revenue Code as
73 in force on the day prior to the effective date of such repeal.

74 (3) "Gross estate" means the gross estate, for federal estate tax
75 purposes.

76 (d) (1) With respect to the estates of decedents who die on or after
77 January 1, 2005, but prior to January 1, 2007, a tax is imposed upon the
78 transfer of the estate of each person who at the time of death was a

79 resident of this state. The amount of the tax shall be determined using
80 the schedule in subsection (g) of this section. A credit shall be allowed
81 against such tax for any taxes paid to this state pursuant to section 12-
82 642, as amended by this act, for Connecticut taxable gifts made on or
83 after January 1, 2005, but prior to January 1, 2007.

84 (2) If real or tangible personal property of such decedent is located
85 outside of this state and is subject to estate, inheritance, legacy or
86 succession taxes by any state or states, other than the state of
87 Connecticut, or by the District of Columbia, the amount of tax due
88 under this section shall be reduced by the lesser of: (A) The amount of
89 any taxes paid to such other state or states or said district; or (B) an
90 amount computed by multiplying the tax otherwise due pursuant to
91 subdivision (1) of this subsection, without regard to the credit allowed
92 for any taxes paid to this state pursuant to section 12-642, as amended
93 by this act, by a fraction, (i) the numerator of which is the value of that
94 part of the decedent's gross estate over which such other state or states
95 or said district have jurisdiction for estate tax purposes to the same
96 extent to which this state would assert jurisdiction for estate tax
97 purposes under this chapter, with respect to the residents of such other
98 state or states or said district, and (ii) the denominator of which is the
99 value of the decedent's gross estate.

100 (3) Property of a resident estate over which this state has jurisdiction
101 for estate tax purposes includes real property situated in this state,
102 tangible personal property having an actual situs in this state and
103 intangible personal property owned by the decedent, regardless of
104 where it is located.

105 (e) (1) With respect to the estates of decedents who die on or after
106 January 1, 2005, but prior to January 1, 2007, a tax is imposed upon the
107 transfer of the estate of each person who at the time of death was a
108 nonresident of this state. The amount of such tax shall be computed by
109 multiplying (A) the amount of tax determined using the schedule in
110 subsection (g) of this section by (B) a fraction, (i) the numerator of
111 which is the value of that part of the decedent's gross estate over which

112 this state has jurisdiction for estate tax purposes, and (ii) the
 113 denominator of which is the value of the decedent's gross estate. A
 114 credit shall be allowed against such tax for any taxes paid to this state
 115 pursuant to section 12-642, as amended by this act, on or after January
 116 1, 2005, but prior to January 1, 2007.

117 (2) Property of a nonresident estate over which this state has
 118 jurisdiction for estate tax purposes includes real property situated in
 119 this state and tangible personal property having an actual situs in this
 120 state.

121 (f) (1) For purposes of the tax imposed under this section, the value
 122 of the Connecticut taxable estate shall be determined taking into
 123 account all of the deductions available under the Internal Revenue
 124 Code of 1986, specifically including, but not limited to, the deduction
 125 available under Section 2056(b)(7) of said code for a qualifying income
 126 interest for life in a surviving spouse.

127 (2) An election under said Section 2056(b)(7) may be made for state
 128 estate tax purposes regardless of whether any such election is made for
 129 federal estate tax purposes. The value of the gross estate shall include
 130 the value of any property in which the decedent had a qualifying
 131 income interest for life for which an election was made under this
 132 subsection.

133 (g) (1) With respect to the estates of decedents dying on or after
 134 January 1, 2005, but prior to January 1, 2007, the tax based on the
 135 Connecticut taxable estate shall be as provided in the following
 136 schedule:

T1	Amount of Connecticut	
T2	Taxable Estate	Rate of Tax
T3	Not over \$2,000,000	None
T4	Over \$2,000,000	
T5	but not over \$2,100,000	5.085% of the excess over \$0

T6	Over \$2,100,000	\$106,800 plus 8% of the excess
T7	but not over \$2,600,000	over \$2,100,000
T8	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T9	but not over \$3,100,000	over \$2,600,000
T10	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T11	but not over \$3,600,000	over \$3,100,000
T12	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T13	but not over \$4,100,000	over \$3,600,000
T14	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T15	but not over \$5,100,000	over \$4,100,000
T16	Over \$5,100,000	\$402,800 plus 12% of the excess
T17	but not over \$6,100,000	over \$5,100,000
T18	Over \$6,100,000	\$522,800 plus 12.8% of the excess
T19	but not over \$7,100,000	over \$6,100,000
T20	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T21	but not over \$8,100,000	over \$7,100,000
T22	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T23	but not over \$9,100,000	over \$8,100,000
T24	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T25	but not over \$10,100,000	over \$9,100,000
T26	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T27		over \$10,100,000

137 (2) With respect to the estates of decedents dying on or after January
 138 1, 2007, no tax shall be due.

139 (h) (1) For the purposes of this chapter, each decedent shall be
 140 presumed to have died a resident of this state. The burden of proof in
 141 an estate tax proceeding shall be upon any decedent's estate claiming
 142 exemption by reason of the decedent's alleged nonresidency.

143 (2) Any person required to make and file a tax return under this

chapter, believing that the decedent died a nonresident of this state, may file a request for determination of domicile in writing with the Commissioner of Revenue Services, stating the specific grounds upon which the request is founded provided (A) such person has filed such return, (B) at least two hundred seventy days, but no more than three years, has elapsed since the due date of such return or, if an application for extension of time to file such return has been granted, the extended due date of such return, (C) such person has not been notified, in writing, by said commissioner that a written agreement of compromise with the taxing authorities of another jurisdiction, under section 12-395a, is being negotiated, and (D) the commissioner has not previously determined whether the decedent died a resident of this state. Not later than one hundred eighty days following receipt of such request for determination, the commissioner shall determine whether such decedent died a resident or a nonresident of this state. If the commissioner commences negotiations over a written agreement of compromise with the taxing authorities of another jurisdiction after a request for determination of domicile is filed, the one-hundred-eighty-day period shall be tolled for the duration of such negotiations. When, before the expiration of such one-hundred-eighty-day period, both the commissioner and the person required to make and file a tax return under this chapter have consented in writing to the making of such determination after such time, the determination may be made at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. The commissioner shall mail notice of his proposed determination to the person required to make and file a tax return under this chapter. Such notice shall set forth briefly the commissioner's findings of fact and the basis of such proposed determination. Sixty days after the date on which it is mailed, a notice of proposed determination shall constitute a final determination unless the person required to make and file a tax return under this chapter has filed, as provided in subdivision (3) of this subsection, a written protest with the Commissioner of Revenue Services.

179 (3) On or before the sixtieth day after mailing of the proposed
180 determination, the person required to make and file a tax return under
181 this chapter may file with the commissioner a written protest against
182 the proposed determination in which such person shall set forth the
183 grounds on which the protest is based. If such a protest is filed, the
184 commissioner shall reconsider the proposed determination and, if the
185 person required to make and file a tax return under this chapter has so
186 requested, may grant or deny such person or the authorized
187 representatives of such person an oral hearing.

188 (4) Notice of the commissioner's determination shall be mailed to
189 the person required to make and file a tax return under this chapter
190 and such notice shall set forth briefly the commissioner's findings of
191 fact and the basis of decision in each case decided adversely to such
192 person.

193 (5) The action of the commissioner on a written protest shall be final
194 upon the expiration of one month from the date on which he mails
195 notice of his action to the person required to make and file a tax return
196 under this chapter unless within such period such person seeks review
197 of the commissioner's determination pursuant to subsection (b) of
198 section 12-395.

199 (6) Nothing in this subsection shall be construed to relieve any
200 person filing a request for determination of domicile of the obligation
201 to pay the correct amount of tax on or before the due date of the tax.

202 Sec. 502. Section 12-640 of the general statutes is repealed and the
203 following is substituted in lieu thereof (*Effective July 1, 2007*):

204 For the calendar year 1991 [and each year thereafter] until the
205 calendar year 2007, a tax computed as provided in section 12-642, as
206 amended by this act, is hereby imposed on the transfer of property by
207 gift during such taxable year by any individual resident or nonresident
208 provided, for the calendar year 1991, such tax shall be imposed only on
209 those gifts which are transferred on or after September 1, 1991.

210 Sec. 503. Section 12-642 of the general statutes is repealed and the
 211 following is substituted in lieu thereof (*Effective July 1, 2007, and*
 212 *applicable to calendar years commencing on or after January 1, 2007*):

213 (a) (1) With respect to calendar years commencing prior to January
 214 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
 215 at a rate of the taxable gifts made by the donor during the calendar
 216 year set forth in the following schedule:

T28	Amount of Taxable Gifts	Rate of Tax
T29	Not over \$25,000	1%
T30	Over \$25,000	\$250, plus 2% of the excess
T31	but not over \$50,000	over \$25,000
T32	Over \$50,000	\$750, plus 3% of the excess
T33	but not over \$75,000	over \$50,000
T34	Over \$75,000	\$1,500, plus 4% of the excess
T35	but not over \$100,000	over \$75,000
T36	Over \$100,000	\$2,500, plus 5% of the excess
T37	but not over \$200,000	over \$100,000
T38	Over \$200,000	\$7,500, plus 6% of the excess
T39		over \$200,000

217 (2) With respect to the calendar years commencing January 1, 2001,
 218 January 1, 2002, January 1, 2003, and January 1, 2004, the tax imposed
 219 by section 12-640 for each such calendar year shall be at a rate of the
 220 taxable gifts made by the donor during the calendar year set forth in
 221 the following schedule:

T40	Amount of Taxable Gifts	Rate of Tax
T41	Over \$25,000	\$250, plus 2% of the excess
T42	but not over \$50,000	over \$25,000
T43	Over \$50,000	\$750, plus 3% of the excess
T44	but not over \$75,000	over \$50,000
T45	Over \$75,000	\$1,500, plus 4% of the excess
T46	but not over \$100,000	over \$75,000

T47	Over \$100,000	\$2,500, plus 5% of the excess
T48	but not over \$675,000	over \$100,000
T49	Over \$675,000	\$31,250, plus 6% of the excess
T50		over \$675,000

222 (3) With respect to Connecticut taxable gifts, as defined in section
 223 12-643, made by a donor during a calendar year commencing on or
 224 after January 1, 2005, but prior to January 1, 2007, including the
 225 aggregate amount of all Connecticut taxable gifts made by the donor
 226 during all calendar years commencing on or after January 1, 2005, but
 227 prior to January 1, 2007, the tax imposed by section 12-640 for the
 228 calendar year shall be at the rate set forth in the following schedule,
 229 with a credit allowed against such tax for any tax previously paid to
 230 this state pursuant to this subdivision:

T51	Amount of Taxable Gifts	Rate of Tax
T52	Not over \$2,000,000	None
T53	Over \$2,000,000	
T54	but not over \$2,100,000	5.085% of the excess over \$0
T55	Over \$2,100,000	\$106,800 plus 8% of the excess
T56	but not over \$2,600,000	over \$2,100,000
T57	Over \$2,600,000	\$146,800 plus 8.8% of the excess
T58	but not over \$3,100,000	over \$2,600,000
T59	Over \$3,100,000	\$190,800 plus 9.6% of the excess
T60	but not over \$3,600,000	over \$3,100,000
T61	Over \$3,600,000	\$238,800 plus 10.4% of the excess
T62	but not over \$4,100,000	over \$3,600,000
T63	Over \$4,100,000	\$290,800 plus 11.2% of the excess
T64	but not over \$5,100,000	over \$4,100,000
T65	Over \$5,100,000	\$402,800 plus 12% of the excess
T66	but not over \$6,100,000	over \$5,100,000
T67	Over \$6,100,000	\$522,800 plus 12.8% of the excess

T68	but not over \$7,100,000	over \$6,100,000
T69	Over \$7,100,000	\$650,800 plus 13.6% of the excess
T70	but not over \$8,100,000	over \$7,100,000
T71	Over \$8,100,000	\$786,800 plus 14.4% of the excess
T72	but not over \$9,100,000	over \$8,100,000
T73	Over \$9,100,000	\$930,800 plus 15.2% of the excess
T74	but not over \$10,100,000	over \$9,100,000
T75	Over \$10,100,000	\$1,082,800 plus 16% of the excess
T76		over \$10,100,000

231 (4) With respect to Connecticut taxable gifts, as defined in section
 232 12-643, as amended by this act, made by a donor during a calendar
 233 year commencing on or after January 1, 2007, including the aggregate
 234 amount of all Connecticut taxable gifts made by the donor during all
 235 calendar years commencing on or after January 1, 2007, there shall be
 236 no tax imposed by section 12-640.

237 (b) The tax imposed by section 12-640 shall be paid by the donor. If
 238 the gift tax is not paid when due the donee of any gift shall be
 239 personally liable for the tax to the extent of the value of the gift.

240 Sec. 504. Subsection (c) of section 12-643 of the general statutes is
 241 repealed and the following is substituted in lieu thereof (*Effective July*
 242 *1, 2007, and applicable to calendar years commencing on and after January 1,*
 243 *2007*):

244 (c) The term "Connecticut taxable gifts" means taxable gifts made
 245 during a calendar year commencing on or after January 1, 2005, but
 246 prior to January 1, 2007, that are, (1) for residents of this state, taxable
 247 gifts, wherever located, but excepting gifts of real estate or tangible
 248 personal property located outside this state, and (2) for nonresidents of
 249 this state, gifts of real estate or tangible personal property located
 250 within this state."